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UNCLAS VATICAN 002684

SIPDIS

DEPT. FOR EUR/WE: LEVIN

SENSITIVE

E.O. 12958 N/A

TAGS: [PREL](#) [ECON](#) [EFIN](#) [VT](#)

SUBJECT: VATICAN BOOKS STILL IN RED

1.(U) The Holy See ended 2003 with a budget deficit for the third year in a row, this year showing a shortfall of nearly \$12 million. The budget covers all government departments and activities, as well as the Holy See's embassies and diplomatic offices around the world. During 2003, the Vatican took in just over \$250 million, but spent more than \$262 million. The deficit was 30 percent less than the shortfall reported for 2002. One of the biggest drains on the Holy See coffers is Vatican Radio, which does not accept advertising revenues and requires some \$25 million to run. The Holy See has decided to continue investing heavily in Vatican Radio's worldwide broadcasts in any case, judging such outreach as particularly valuable in developing nations with limited communications networks.

2.(U) Vatican City State has a separate budget within the Holy See's accounting system. It lost some \$11 million in 2003. This budget includes the care and upkeep of Vatican buildings, as well as the Vatican's coin and stamp offices and the Vatican Museums. The Vatican City State budget was negative in part due to new projects and reconstruction, but primarily because nearly \$13 million was siphoned off earnings to cover half the deficit of Vatican Radio.

3.(U) The good news for the Vatican in the budget statement was that during 2003 donations from Catholics around the world to Peter's Pence (a fund used by popes for charity, but also at times to offset the deficit) amounted to some \$56 million. This was an increase of 6 percent over 2002. Speculation that the abuse crisis in the U.S. Church would result in decreased American financial support for the Holy See in the end proved to be groundless. U.S. Catholics continue to be the top donors worldwide.

4.(SBU) Comment. The 2003 budget figures help to dispel the myth that the Vatican possesses extraordinary financial wealth. The Holy See views its priceless works of art and other treasures as part of humanity's patrimony; as guardian of these treasures, it would be loath to liquidate them to offset expenses. End comment.
MARTIN

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2004VATICA02684 - Classification: UNCLASSIFIED